

November 22, 2022

Saskatoon City Council
222 3rd Ave North
Saskatoon, SK S7K 0J5

2023 Mid-Cycle Budget Adjustments

Dear Saskatoon City Council,

Thank you for leading a mid-cycle review of the City's 2022-2023 Business Plan and Budget. We appreciate the challenges involved in multi-year budgeting and business planning. Assumptions and factors that went into the development of the City's two-year budget may have changed. This year's mid-cycle review is an opportunity to review those changes, and discuss adjustments, to balance the City's budget.

Challenging Climate

Not unlike many businesses, the City is wrestling with higher costs for materials, supplies, fuel and labour. And, like those same businesses, the City will need to make hard choices to offset those rising costs and control spending on new initiatives and hires. Deferring plans, pausing new initiatives, finding creative ways to deliver with less – these are the difficult decisions they are making to adjust to the current economic climate. Business owners expect no less from their municipal leaders.

Confident But Cautious

Saskatoon's economic forecast is positive and gaining momentum. All macro-economic indicators are trending upward, thanks to large companies headquartered in Saskatoon seeing extraordinary, global demand for their products. From potash to energy, critical minerals and agri-food products, we have what the world needs.

However, it is important to remember that economic statistics are based on aggregate numbers, driven by some of our city's and province's largest economic players. A large majority of our small and medium-size businesses have yet to return to pre-COVID normal and are far from fully recovered. These independent and small businesses – so critical to the safety, vibrancy and quality of life in our Riversdale, Sutherland, Broadway, Mayfair and Downtown districts – simply do not have the capacity to absorb another increase at this time. While they are optimistic about the future, their confidence is tempered with caution.

Defer Hiring to Address Short Fall

Business owners have based their plans on the 3.53% property tax rate increase set by City Council last year, along with the increases to utility rates approved as well. Another rate increase – on top of the tax and utility rate increases passed by Council only 12 months ago – would create unnecessary instability at a time when we need these job-creators to grow our economy and capitalize on the opportunities before us.

Instead, we urge City Council to:

1. Freeze the 3.53% rate increase planned for 2023;
2. Act on the cost reductions and options proposed by City Administration to help bring the budget back to balance, including deferring reserve contributions to offset a portion of the operating deficit and drawing on the City's fiscal stabilization reserve if required; and,
3. Use this mid-cycle review to defer the hiring of 30 full-time equivalent positions (minimum) to address the City's budget short fall (assumes 30 positions at an average base salary of \$75,000 resulting in a conservative savings estimate of \$2.25M).

A majority of the City's operating expenditures (59%) are staff salaries and payroll costs. Deferring hiring would help the close the budget gap.

It would also afford the City time to re-evaluate the need for these positions all together, given that operational and other circumstances have likely changed since last year's budget deliberations. Outsourcing or contracting local suppliers to do the work; re-assigning duties within the corporation or expanding the scope of existing roles to get the work done; or adjusting service standards to more affordable levels could all be viable alternatives to pursuing these hires.

While the state of our economy is improving, business recovery remains a challenge, particularly for small and medium-size operators who make up 95% of Saskatoon's business community.

As Saskatoon's voice for business, we urge you to avoid another tax rate increase on our city's business builders and job-creators. We all need them to capitalize on the economic opportunities in front of us.

Sincerely,



Jason Aebig, CEO
Greater Saskatoon Chamber of Commerce